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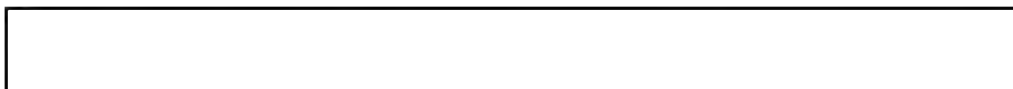
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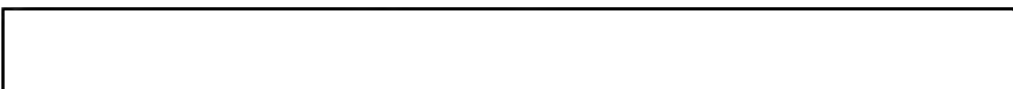
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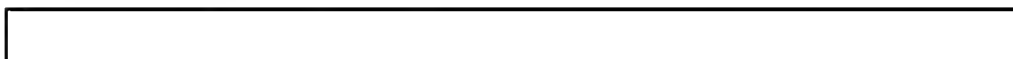
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LAOS

Tension remains high in Vientiane.

Harassment of Americans, clearly condoned and inspired by the communist-dominated coalition government, is becoming more common and widespread. According to the US charge, people in the street shout "go home" in English and Lao to American passersby; old friends shun contact with US officials; and Lao employees of the US mission, as well as domestic servants working for American families, are under strong pressure to quit their jobs or face reprisals.

In an even more ominous development, the Trans Air Protective Service (TAPS)—a civilian company that supplies 937 security guards for US mission property and personnel—was taken over by Pathet Lao troops on May 23, leaving the American community in Vientiane without any form of protection. With assistance and direction from Pathet Lao agitators, some 200 TAPS personnel and disgruntled Lao employees of USAID staged several demonstrations in front of the US embassy on Saturday over salary grievances. The protest was defused when the American management of TAPS agreed to meet the security guards' demands for severance pay, which bordered on extortion.

Although the most immediate result of the withdrawal of TAPS protection for Americans is the danger posed by local housebreakers, whose activities are definitely on the upswing, communist-controlled Lao National Radio announced over the weekend that Pathet Lao troops will conduct an "inspection" of all American homes and installations on May 27. The broadcasts also threatened that Americans who do not leave Laos "immediately" may be "punished".

No Americans have been harmed thus far, but in the climate that the coalition has permitted to develop, the possibility of incidents involving violence to US personnel remains high.

* * * *

Negotiations between US officials, coalition government representatives, and Pathet Lao - inspired students and other demonstrators continued over the weekend in an effort to bring a halt to the week-long occupation of USAID facilities in and around Vientiane. An agreement was reached in principle between the US charge and acting USAID director, on the one hand, and Lao Prime Minister Souvanna Phouma, his Pathet Lao deputy Phoumi Vongvichit, and communist Economy Minister Soth Phetrasy on the other, wherein the US agreed to demonstrator demands that it:

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- dissolve USAID in the provinces as well as in Vientiane;
- withdraw all American employees of USAID from Laos as soon as possible;
- turn over all USAID equipment and facilities to the Lao government, in accordance with the provisions of past bilateral assistance agreements, by no later than the end of the current fiscal year (June 30, 1975).

US officials also agreed to pay the back salaries of all Lao USAID employees as soon as demonstrators permit Americans access to the USAID compound where payrolls are kept. As part of the agreement, the protesters are to disperse from the compound, and the two US Marine guards and one American civilian employee holed up inside the compound's headquarters buildings are to be released.

The agreement, however, has not yet been accepted by the demonstrators. Indeed, an estimated 30 hard-core protesters and some 15 Pathet Lao troops still occupy the main USAID and defense attache compound in the heart of Vientiane. Pathet Lao members of the capital's joint military security force are also continuing to occupy several other USAID facilities near the city and to "guard" the entrance to a large American residential housing complex in the capital's northern suburbs.

The Pathet Lao are permitting Americans to leave the housing complex, but harassment both there and at Wattay airport continues. Personal effects and baggage are being subjected to repeated "security" checks, private vehicles are being searched, and those vehicles without diplomatic or official plates are being impounded.

Nevertheless, nearly 600 American dependents and other nonessential personnel were successfully evacuated by air to Thailand over the weekend. Approximately 280 American officials still remain in Vientiane.

* * * *

The Pathet Lao are intensifying efforts to consolidate control over the coalition government and bureaucracy. At last week's cabinet meeting, they succeeded in formally abolishing the National Documentation Center—Prime Minister Souvanna's personal intelligence service—and the so-called "Vientiane Side Coordinating Committee"—the non-communists' primary political action organization.

In addition, the Pathet Lao have reportedly succeeded in removing nearly 90 percent of all senior and middle-echelon, Western-trained, non-communist bureaucrats from key positions in the various coalition ministries. Communist-inspired demonstrators in Vientiane yesterday demanded the ouster of the non-communist director generals of agriculture and public works. A similar purge of officers from the non-communist Royal Lao Army has been under way for several weeks.

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LEBANON

Lebanese Prime Minister Rifai and his predominantly military cabinet resigned yesterday. They were forced out by intense criticism from Lebanese leftist, Muslim, and even some Christian leaders and signs of strong disapproval from Syria and the Palestinians.

The military cabinet will serve in a caretaker capacity until a new government is formed. Although this process often takes several weeks, President Franjiyah this time will be forced to act more quickly by the knowledge that his critics will interpret any delay as a stalling tactic and as justification for more civil disturbances.

Franjiyah probably sees some hope that the experiment with a military cabinet, however humiliating to him, will at least have frightened the country's leading Muslim politicians into being more cooperative than usual in helping assemble a government willing to deal more forcefully with the country's deteriorating security situation.

Syrian Foreign Minister Khaddam played an active role in the negotiations in Beirut that led to Rifai's resignation. On his departure for Damascus yesterday, Khaddam expressed optimism over the results of his talks with Lebanese and fedayeen leaders and confidence in President Franjiyah. This suggests that he received some assurance that Franjiyah will appoint a prime minister acceptable to Syria.

Syria has the propensity and ability to intervene in Lebanon's domestic politics, with the result that Beirut is always sensitive to signs of Damascus' disfavor or its providing aid to the fedayeen. [REDACTED]

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The most likely choice for prime minister is Rashid Karami, a leading opposition member of parliament who served as prime minister on several occasions between 1955 and 1970. He would be acceptable to Syria and to the Palestinians, although not to the right-wing Phalanges Party.

Karami probably has no firm notion of how to deal with the present crisis, but would be likely to move quickly to convene a Lebanese-Palestinian summit to hammer out still another agreement on the rights and responsibilities of the Palestinians in Lebanon. Existing agreements—notably those of 1969 and 1973—have been widely disregarded, always with the effect of expanding the scope of fedayeen activities.

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Scattered fighting involving the Phalangists, radical fedayeen, and troublemakers backed by radical Arab states continued in Beirut yesterday. The clashes Sunday night were the heaviest and the most widespread of the current crisis, despite the announcement a short time earlier that all sides had endorsed still another cease-fire. The US embassy estimates that a total of 80 persons have been killed in the past week.

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ISRAEL-LEBANON

The sharp clash of Israeli and Lebanese military forces on Sunday occurred when an Israeli patrol crossed the border in search of fedayeen and was fired on by Lebanese army units. After several hours, the local UN contingent arranged a cease-fire and the Israeli force was allowed to withdraw. Tel Aviv has denied Lebanese claims that the Israelis again crossed the border on Monday.

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Lebanese forces have fired on Israeli patrols inside Lebanon in the past, but those incidents have been minor. This incident, in which seven Lebanese and two Israelis were killed, was the most serious since September 1972, when 17 Lebanese troops were killed in a clash with Israeli forces.

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PORTUGAL

Early this morning the 240-man General Assembly declared that the Armed Forces Movement would bypass political party leaders and establish its own alliance with organizations of the people. The communique, issued at the end of a divisive 15-hour emergency meeting to discuss Portugal's political future, emphasized that the political parties would not be abolished—a move that had been widely predicted by the Lisbon press.

The announcement did not give any details about the "alliance with the people," but previous disclosures mentioned Cuban-style armed civilian-militia and revolutionary defense committees linked directly to the military.

The Armed Forces Movement called on its Revolutionary Council to solve "firmly and rapidly" the conflict between the Socialist and Communist parties and made clear its unhappiness with the Socialists' protest boycott of the coalition cabinet. The assembly's criticism of the Socialists may strengthen the Communists' hand in the current dispute between the two parties.

The General Assembly took the unusual step of reporting a unanimous vote of confidence in Prime Minister Goncalves. This overt demonstration of support for Goncalves will buttress his position as head of the radical faction of the Armed Forces Movement—the dominant faction since the abortive coup of March 11. There had been rumors that the assembly would attempt to oust moderate leaders from the Movement, but apparently no such action was taken.

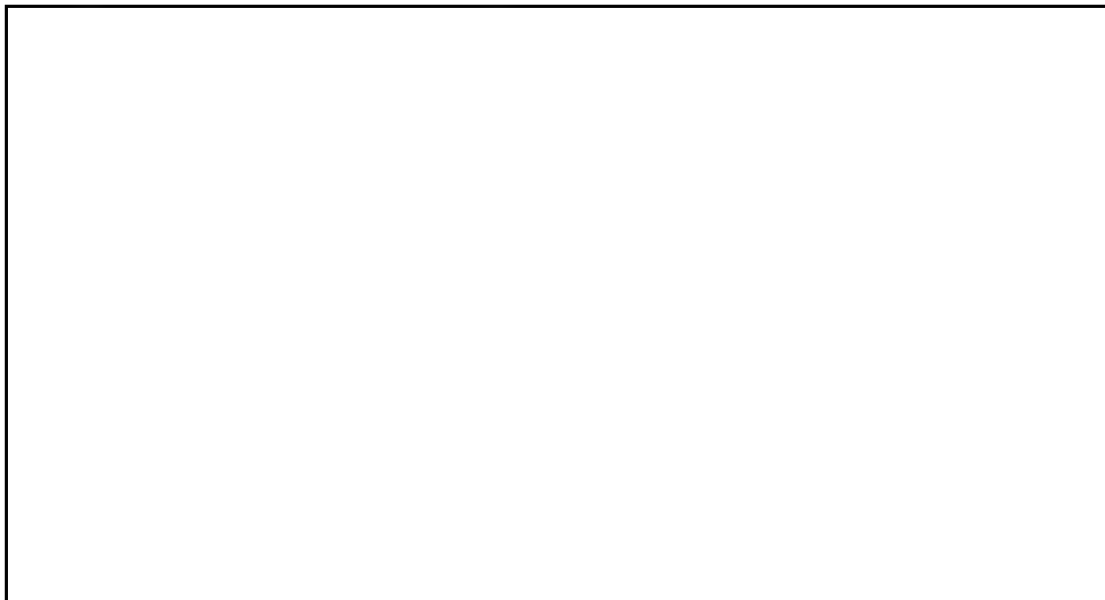
While the General Assembly met, some 2,000 left-wing demonstrators in Lisbon protested against the CIA and NATO and, specifically, against the opening of a NATO naval exercise off the Portuguese coast later this week. The Portuguese Communist Party also announced its intention to organize a mass demonstration of support for the Armed Forces Movement tomorrow.

Foreign ministers of the Common Market, who met in Dublin yesterday, resolved to launch a major attempt to head off dangers of an economic breakdown in Portugal—provided Portugal stays democratic. Irish Foreign Minister Garret Fitzgerald will visit Lisbon on June 1 and 2 for political and economic talks with Portuguese leaders.

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CHINA

Peking will send a delegation to the US in June to visit the offices and laboratories of several major telecommunications equipment manufacturers. The group's major interest is in maintenance and operation of high-capacity telecommunications systems, including microwave radio relay, coaxial cable, and communications satellite systems.

This is the latest in a series of moves China has made to strengthen ties with US firms engaged in high-technology research and production. Last month, Peking invited a US manufacturing group to visit China in late July. The US delegation is primarily composed of representatives from major US telecommunications firms—many of whom will probably have met the Chinese group in June. The US delegation will hold seminars and generally try to portray the state of commercial communications applications in the US.

China has only recently moved into modern wideband telecommunications. Peking probably wants to obtain as much technology from the two visits as possible to make their newly deployed wideband networks into a viable telecommunications system. In addition to technology, this would probably require large-scale imports of telecommunications equipment.

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SURINAM

Arson and violence marred last week's round of independence negotiations in Paramaribo between the Netherlands and Surinam. Internally self-governing since 1950, Surinam is scheduled to attain independence in November.

The political parties representing the Hindustani and Javanese minorities planned demonstrations and a 24-hour shutdown of their businesses to coincide with the arrival of Dutch Prime Minister den Uyl in Paramaribo. The two groups saw this as their last chance to gain Dutch support for constitutional changes they believe will guarantee their rights after independence. They also hoped to pressure the Creole government of Minister President Arron into giving them greater participation in the independence process.

Young extremists among the Hindustanis apparently decided on more spectacular measures to demonstrate their grievances. On May 14 an attempt was made to burn down the parliament building. In the days that followed, other fires were set, and there were numerous incidents of rock throwing, beatings, and vandalism.

On May 19 Arron met with leaders of the opposition parties in an effort to restore order. He agreed to hold further talks on guaranteeing minority rights, while the opposition leaders called off the demonstrations they had planned. Hotheads on both sides refused the compromise, however, and lawlessness continued, forcing the adjournment of the independence talks on May 21.

Arron and opposition leaders have appealed publicly for unity and an end to incidents. The arson and lawlessness have probably shocked the various Surinamese communities sufficiently to ensure at least a short period of peace. Nevertheless, without significant concessions by the Arron government, and some effort at trust by the Hindustanis and Javanese, the potential exists for an increase in internecine warfare.

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URUGUAY

President Bordaberry has negotiated a compromise with army generals, but the underlying economic dispute that provoked a confrontation last week is still unresolved.

The agreement reportedly requires Bordaberry to get rid of his current minister of agriculture soon in return for military acquiescence in the recent dismissal of the head of the national beef institute.

For the past year and a half, European markets have banned beef imports to protect local producers, and Uruguay has been unable to find alternative buyers for its major commodity. The consequent plunge in foreign exchange earnings has seriously handicapped the nation's efforts to meet energy needs that depend heavily on foreign petroleum purchases. These current problems, added to prolonged economic stagnation, have made agricultural policy a subject of major controversy between those military leaders who want more government regulation, and ranchers, with whom Bordaberry sides, who oppose market restrictions on beef sales.

The inability of the military to speak with one voice complicates the decision-making process, since generals occupy subcabinet positions and major administrative posts. The shuffle of personalities temporarily protects the national image, but the failure to reach a consensus on fundamental economic issues—particularly the beef problem—means that the economy will continue to be the focus of national debate and possibly future crises.

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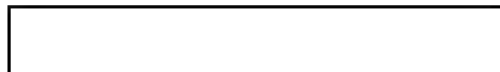
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